



## Housing Methodology Committee

Bay Conservation and Development Commission (BCDC)  
50 California Street, 26th Floor  
San Francisco, CA

Meeting – October 12, 2006  
10:00 a.m. - 1:00 p.m.

**Time (approx.)**

- |    |  |                   |
|----|--|-------------------|
| 1. | <b>Call to Order/Introductions</b>   |                   |
| 2. | <b>Discussion of Allocation Methodologies – All Units *</b><br>Staff presentation of several allocation methodologies based on housing growth, employment, transportation and city-centered policies with analysis on RHNA objectives and factors and public policy. Committee discussion. | <b>90 Minutes</b> |
|    | <b>Break</b>   | <b>10 Minutes</b> |
| 3. | <b>Discussion of Allocation Methodologies – Income-based Units *</b><br>Staff presentation of several allocation methodologies based on county-wide and regional average income distributions with analysis on RHNA objectives and public policy. Committee discussion.                    | <b>60 Minutes</b> |
| 4. | <b>Next Steps and Draft Agenda for October 19 Meeting *</b>  | <b>20 Minutes</b> |
| 5. | <b>Adjournment</b>   |                   |

**In - Meeting Lunch Provided**

---

\* Posted to web site

## M E M O

To: Housing Methodology Committee (HMC)  
From: ABAG Staff  
Date: October 11, 2006  
Subject: RHNA Allocation Methodology Scenarios

### Background

As part of the Regional Housing Needs Allocation (RHNA) process, the Housing Methodology Committee (HMC) has been tasked with assisting ABAG staff in developing the methodology for allocating shares of the regional housing need to each city and county in the Bay Area.

By statute, there are nine factors that must be considered in developing the allocation methodology.<sup>1</sup> These factors address issues such as protection of open space and agricultural lands, jobs-housing balance, and water and sewer capacity.

Factors are used to assign a share of the region's total housing need to individual jurisdictions. The factors cannot be used to change the total regional housing need. Therefore, the factors are always expressed as a share of the regional total. If used as factors, these same shares are then used to assign a proportion of the regional housing need to the jurisdiction.

Over the past several months, the HMC has been working to determine which factors should be included in the methodology. The committee's discussion has been framed by the need for the methodology to meet the statutory RHNA objectives as well as to further the Bay Area's regional goals for growth.

In the interest of developing the allocation methodology, the HMC requested that ABAG staff generate several possible allocation scenarios for their consideration. This memo describes the seven scenarios developed using the factors the HMC identified for inclusion in the methodology. The scenarios include factors related to housing growth, jobs, and areas served by public transportation. The different ways of using these factors, and the benefits and disadvantages of each, are also presented. A fourth factor—city-centered growth policies—was not included in the scenarios at this time, but may be added later if the HMC deems it necessary.

There were several factors identified by the HMC for possible inclusion in the methodology that were not included in the scenarios. These factors, and the reasons why they were not used, are described at the end of the memo.

---

<sup>1</sup> Government Code Section 65584.04(d).

## **Proposed Allocation Factors**

Over the course of several meetings, the HMC has discussed the full set of potential methodology factors and concluded that four broad categories of factors ought to be considered for inclusion in the methodology:

- Housing growth
- Employment
- Transportation
- City-centered growth policies

These four broad categories include a wide range of individual factors discussed by the committee. As staff developed the allocation scenarios, it became clear that several of the factors proposed by the HMC could not be included in the methodology. These factors, and the reasons they were removed from consideration, are described at the end of this memo.

The individual factors that have been incorporated into the methodology scenarios are:

- Housing growth
- Existing jobs
- Job growth
- A combination of existing and future jobs
- Access to public transit
- City-centered growth policies

## **Regional Allocation Scenarios**

Staff developed several possible allocation methodologies that incorporate the six factors described above (Attached). These scenarios can be separated into three major categories. The first category, which consists of Scenario 1, is based solely on expected housing growth. The second category includes Scenarios 2, 3, and 4, which all seek to balance housing growth with different employment factors. The third category includes Scenarios 5, 6, and 7. These also balance housing and employment, but also include a factor to direct housing to areas served by public transit (indicated as TOD Housing).

These three categories mirror the decisions that the HMC must make in determining the final shape of the allocation methodology. The committee must first decide whether a methodology based solely on housing growth is sufficient. If not, the HMC must then consider whether including a jobs-related factor is important. If so, there are three possible options for selecting an employment factor. Once the employment factor has been selected, the committee must then decide whether it is appropriate to incorporate a factor for public transit.

Finally, once the range of factors in the methodology has been decided, the HMC must decide the relative importance of each factor. This step involves assigning a weight to each factor that represents its proportion of the whole. Thus, the weights assigned must total 100 percent.

Scenario 8 on Attachment 1 demonstrates the final step in building the methodology, which involves assigning weights to each factor that has been selected for inclusion. This scenario provides an example of how the factors can be weighted differently, and the impact that the different weights have on the allocations. In this scenario, Housing Growth is given a 60 percent weight, Jobs in 2014 is given a 20 percent weight, and TOD Housing is given a 20 percent weight.

***Housing Growth***

Scenario 1 is based on the idea that the regional housing need should be distributed based on where housing growth is expected to occur in the region. Projected household growth represents the need to provide housing for future population increases. Information about projected household growth is taken from ABAG's *Projections* forecast. In determining where household growth is likely to occur in the region, *Projections* considers local plans for growth and the expected market demand for housing.

In 2002, ABAG's Executive Board resolved to use the regional goals and Network of Neighborhoods vision<sup>2</sup> as the basis for the *Projections* forecasts. Since that decision, *Projections* assumes that, over time, local land use policies will move the region closer to meeting the regional goals. The policy-based *Projections* specifically forecast more growth in existing communities and near transit, while directing growth away from agricultural areas and open space. As a result, the growth forecast used as the basis for estimating housing need for the RHNA process already encourages growth in areas with existing transportation infrastructure and in areas with public transit.

***Balancing Housing and Employment***

The scenarios in this category are based on the premise that housing and jobs are both primary determinants of future housing need. These scenarios recognize that, in addition to housing growth, the presence of jobs in a community also generates demand for housing to accommodate the people that work at those jobs. Including a jobs factor will direct future growth to areas based on where there are, or will be, significant numbers of jobs. Over time, linking housing growth to jobs will result in a better jobs-housing balance throughout the region.

In these scenarios, the housing growth factor is paired with one of three possible jobs-related factors:

Scenario 2 includes the jurisdiction's job growth between 2007 and 2014. Incorporating this factor would encourage jurisdictions to add housing in concert with job growth during the RHNA period. As a result, the methodology would seek to achieve a jobs-housing balance based solely on future growth. It would not take into consideration those areas that already have a high proportion of jobs.

Scenario 3 uses the jurisdiction's total jobs in 2014. This factor allocates growth based on a balance of a community's existing number of jobs and its expected employment growth through 2014. As a result, it represents a combination of the existing jobs and job growth. Using this factor would encourage a jobs-housing balance based on how existing conditions are expected to change during the RHNA period. Incorporating both existing and future conditions reduces the likelihood that jurisdictions would be penalized for adding jobs in order to "fix" an existing jobs-housing imbalance.

Scenario 4 includes the jurisdiction's total jobs in 2007. This factor would direct housing growth to those areas that currently have a high proportion of jobs. This would encourage a better jobs-housing balance based on existing conditions, but would not consider future job growth.

***Housing Near Transit***

Scenarios 5, 6, and 7 build on the previous examples of balancing housing growth and employment by adding a factor to direct housing growth to areas that are served by public transit. In these three examples, the transit factor is the same—the differences are based on the employment factors used.

---

<sup>2</sup> This vision was the regionally-accepted outcome of the Smart Growth Strategy/Regional Livability Footprint Project completed in 2002.

The public transit (or TOD housing) factor directs additional housing growth to areas that have access to public transit. The public transit services included in this factor are those with fixed infrastructure, such as heavy and light rail systems and ferries.<sup>3</sup> Only existing transit services are included as part of the factor. In effect, the factor assigns more of the housing growth during the RHNA period to areas within a half mile<sup>4</sup> of the stations along these transit routes.

Choosing to include a factor in the methodology that directs growth to areas with public transit would reinforce the importance of encouraging growth in areas with a variety of transportation options. In effect, it would give extra weight to this regional goal, over what has already been done in the *Projections* forecast.

Also, it is expected that the most significant impacts from the use of the regional goals in *Projections* will not begin to take effect until 2010. Directing growth to areas with public transit in the methodology would ensure that this regional goal influences development patterns during the RHNA period.

### ***City-Centered Growth Policies***

Another factor the HMC considered using in the methodology is one related to city-centered growth policies. The purpose of this factor is to direct more growth away from unincorporated areas and toward cities.

One way to incorporate this goal would be to include a factor that affects only cities and not unincorporated areas. For example, the public transit factor accomplishes this to a certain extent because most transit infrastructure is in cities. Another possibility would be to adjust one of the other factors in the methodology, such as employment, so that the allocation to an unincorporated area is reduced.

A city-centered growth factor was not included in the scenarios because the other factors included in the scenarios seemed to accomplish the goal of moving growth away from the unincorporated areas. However, this factor can be developed into an allocation scenario if the HMC determines it is necessary.

## **Summary**

The scenarios described above offer several different options for how the factors identified by the HMC can be incorporated into an allocation methodology. In selecting the factors to include, committee members should consider the following questions:

- How do housing growth and employment compare in terms of the amount of housing need they are likely to generate?
- What is the most appropriate balance for allocating housing need based on housing growth and employment?
- In choosing among the jobs-related factors, what is the best way to balance the existing distribution of jobs with areas that are expected to experience significant job growth?
- Is it important to take additional steps to encourage housing near transit?

Once these issues have been addressed and a final set of factors has been chosen, the HMC will then work with ABAG staff to determine the best way to weight each of the allocation factors.

---

<sup>3</sup> The rail service providers included are: Altamont Commuter Express (ACE), Bay Area Rapid Transit (BART), Caltrain, San Francisco MUNI light rail, and Santa Clara Valley Transportation Authority (VTA) light rail.

<sup>4</sup> The half-mile area was chosen based on accepted planning practice, which has found that people will generally only walk a half mile to a transit station. This is the same standard used in the Metropolitan Transportation Commission's Regional Transit Expansion Program.

## **Factors Not Included in the Scenarios**

There were several potential methodology factors identified by the HMC that were not included in the sample allocation scenarios. These factors, and the reasons why they were not used, are listed below.

### ***Areas With Traffic Congestion***

The HMC proposed including a factor that would direct growth away from areas with extreme traffic congestion. This was based on a concern that additional housing growth in these areas would exacerbate the traffic problem.

Since factors are used to allocate a share of housing need, it is difficult to use “negative” factors that attempt to push housing units to other areas. As a result, it was not possible to include traffic congestion as a factor. However, the factor that encourages housing growth near public transit has the potential to help alleviate traffic congestion by enabling more people to use alternative methods of travel.

### ***Commute Sheds***

The HMC expressed interest in the possibility of using commute sheds as the basis for determining the balance between jobs and housing. Commute sheds show commute patterns and the spatial relationships among housing and jobs. This factor was proposed because there was some concern that a single jurisdiction was too small an area in which to expect a jobs-housing balance.

In addition, one of the important reasons for evaluating the jobs-housing balance is to try to reduce the need for long commute trips and the traffic congestion they create. Using this as a factor would allow for more detailed information about how to achieve a jobs-housing balance that would most directly affect traffic patterns.

This factor was not included in the allocation scenarios because there was not sufficient information available.



	Housing Growth	Balancing Housing and Employment	Balancing Housing and Jobs and Putting Housing Near Transit						
	Growth Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	
					40%	40%	60%	60%	
					Housing Growth	Housing Growth	Housing Growth	Housing Growth	
					40% Job	40% Total	20% Total	20% Total	
					Jobs 2014	Jobs 2007	Jobs 2014	Jobs 2014	
					20% TOD	20% TOD	20% TOD	20% TOD	
					Housing	Housing	Housing	Housing	
	100% Housing	Housing 50% Job Growth	Housing 50% total jobs 2014	Housing 50% total jobs 2007					Previous RHNA
	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743	230,743
PINOLE	644	470	531	540	376	425	474	470	288
PITTSBURG	3,293	3,012	2,352	2,285	3,923	3,395	3,745	3,772	2,513
PLEASANT HILL	634	621	883	918	497	707	620	607	714
RICHMOND	4,010	3,545	3,501	3,510	3,027	2,992	3,199	3,195	2,603
SAN PABLO	385	394	401	403	315	321	315	314	494
SAN RAMON	5,111	4,431	4,007	3,973	3,545	3,206	3,634	3,647	4,447
WALNUT CREEK	2,807	2,573	3,397	3,507	2,578	3,237	3,045	3,001	1,653
UNINCORPORATED	1,398	1,215	1,139	1,134	1,016	955	1,057	1,058	5,436
CONTRA COSTA COUNTY	36,074	31,145	30,878	30,964	28,609	28,395	30,508	30,474	34,710
BELVEDERE	19	13	43	47	11	35	26	25	10
CORTE MADERA	219	250	333	344	200	266	225	221	179
FAIRFAX	88	81	109	112	65	87	80	79	64
LARKSPUR	628	471	719	750	881	1,080	1,056	1,043	303
MILL VALLEY	230	265	447	470	212	357	280	271	225
NOVATO	1,839	2,323	1,873	1,832	2,084	1,724	1,694	1,711	2,582
ROSS	27	20	40	42	16	32	27	27	21
SAN ANSELMO	104	117	239	254	93	191	143	137	149
SAN RAFAEL	1,387	1,770	2,162	2,219	1,690	2,004	1,716	1,694	2,090
SAUSALITO	56	157	263	277	116	200	123	118	207
TIBURON	75	86	185	198	80	160	121	116	164
UNINCORPORATED	369	622	647	654	498	517	409	406	521
MARIN COUNTY	5,042	6,175	7,059	7,198	5,945	6,653	5,901	5,846	6,515
AMERICAN CANYON	1,053	1,046	662	621	837	530	670	686	1,323
CALISTOGA	56	97	117	120	78	94	71	69	173
NAPA	2,475	2,312	2,426	2,449	1,850	1,941	1,970	1,960	3,369
ST HELENA	56	64	204	221	51	163	111	104	142
YOUNTVILLE	91	87	128	134	69	103	90	88	87
UNINCORPORATED	364	585	888	928	468	711	517	501	1,969
NAPA COUNTY	4,095	4,191	4,426	4,473	3,353	3,541	3,427	3,408	7,063





[illegible]

## MEMO

To: Housing Methodology Committee (HMC)  
From: ABAG Staff  
Date: October 11, 2006  
Subject: Scenarios for Allocating Units by Income

### Background

There are two primary goals at the heart of the Regional Housing Need Allocation (RHNA) process. The first is to increase the supply of housing in California by allocating a share of the state-wide housing need to each city and county. The second is to ensure that local governments consider the housing needs of persons at all income levels as they prepare their Housing Elements.

To achieve these two goals, the allocation of the regional housing need to local governments occurs in two stages. The first is to allocate housing units to each city and county in the region. The second is to split each jurisdiction's total allocation into the four income categories established by the State. The four income categories defined by the State are:

- **Very Low:** households with income **up to 50 percent** of the county's area median income (AMI)
- **Low:** households with income **between 50 and 80 percent** of the county's AMI
- **Moderate:** households with income **between 80 and 120 percent** of the county's AMI
- **Above-Moderate:** households with income **above 120 percent** of the county's AMI

The goals and requirements of the allocation of units by income are specifically addressed in the RHNA objectives. The first is that all cities and counties are responsible for doing their "fair share" and planning for at least some of the region's need for very-low- and low-income units.<sup>1</sup> The second is that the allocation methodology must avoid or mitigate the over-concentration of income groups in a jurisdiction.<sup>2</sup>

The RHNA allocation methodology must assign the regional need to each jurisdiction in a way that fully allocates the units in each income category and complies with the two objectives listed above. The HMC requested that ABAG staff generate several possible scenarios for allocating units by income. This memo shows the effects of different strategies for allocating units in each income category.<sup>3</sup>

### Allocation Scenarios

When allocating units by income, particularly affordable units, there is an underlying tension between trying to ensure that all communities do their "fair share" and responding to existing needs for housing. For example, allocating more low-income units to a jurisdiction that has a higher proportion of low-income residents would help to meet the community's existing needs. However, this strategy would

---

<sup>1</sup> Government Code Section 65584(d)(1).

<sup>2</sup> Government Code Section 65584(d)(4).

<sup>3</sup> The allocation of units by income occurs after jurisdictions receive their share of the regional housing need. Since the methodology for this base allocation has not yet been determined, the scenarios show the percent of units in each income category that a jurisdiction would receive, rather than a number of housing units.

promote the further concentration of low-income households in that community and would not move the region toward a more equitable distribution of income.

The examples developed by ABAG staff are based on the following possible scenarios (Attached):

- Scenario 1: Moving every jurisdiction 50 percent toward the county average income distribution
- Scenario 2: Moving every jurisdiction 50 percent toward the regional average income distribution
- Scenario 3: Allocating units to each jurisdiction based on the county's average income distribution
- Scenario 4: Including a factor to address high housing cost burdens

### ***Moving Toward a County or Regional Income Distribution***

Scenarios 1 and 2 both attempt to balance the existing need for housing with the goal of creating a more equitable income distribution. Both start with a jurisdiction's existing income distribution. In Scenario 1, this existing distribution is moved 50 percent toward the county average income distribution. In Scenario 2, the existing distribution is moved 50 percent toward the regional average.

Comparing a jurisdiction to the county takes local differences in income into account. In contrast, using the regional income distribution attempts to overcome county-level differences in income to create a more equitable distribution region-wide.

These scenarios start with a jurisdiction's existing income distribution and then move part of the way to either the county or regional household income average. As a result, these methodologies try to assign units to where they are currently needed while also creating a more fair income distribution. However, the fact that the method starts with the existing conditions means that jurisdictions with more households in affordable categories (relative to the regional average) must still plan for disproportionately more affordable housing, and those with less than the regional average must plan for less.

It can be argued that this approach balances meeting the existing need in a specific jurisdiction with the goal of having all jurisdictions do their "fair share" to meet the region's housing needs. At the same time, these approaches can be described as perpetuating the over-concentration of the region's lower income populations in certain communities.

### ***Using the County Income Distribution***

In contrast to the first two scenarios, Scenario 3 does not take a jurisdiction's existing income distribution into account. In this case, each jurisdiction is assigned the same distribution as the county-wide distribution. In effect, this "equal share" approach applies the county-wide income distribution to each jurisdiction within the county.

A primary benefit of this approach is that it is consistent with the idea that every jurisdiction should do its "fair share" to provide affordable housing. It also promotes a more equitable income distribution by moving every jurisdiction in a county to the same standardized income distribution. This method also avoids over-concentrating an income group in a jurisdiction. However, one potential drawback of this strategy is that by excluding existing conditions, it does not do enough to address the existing needs for affordable housing.

### ***High Housing Cost Burdens***

As part of its discussions, the HMC felt that high housing cost burdens would be most appropriately considered as part of the discussion of housing affordability categories. We typically look at household income to assess affordability.

However, many households in the region spend a higher proportion of their income on housing than the standard set in federal and state policies. Those policies call for a household to spend no more than 30 percent of its income on housing. In the Bay Area, about 50 percent of all households spend greater than 30 percent of their income on housing and over 25 percent spend more than 50 percent.

One way to address the issue of high housing cost burdens is to assign more of the lower income housing to areas where the housing cost burden is the greatest. Assigning more housing without regard to affordability would not directly address the problem. The last column in the attachment shows the proportion of households in each jurisdiction that are paying more than 30 percent of their income for housing based on 2000 Census data. This information could be used to adjust the income allocation for each jurisdiction so that areas with higher numbers of households with a cost burden receive a larger share of affordable units. However, it should be noted that most jurisdictions have similar proportions of households that fall into this category.

### **Summary**

This memo outlines several possible methods for accomplishing the allocation of units by income for RHNA. It also describes some of the advantages and drawbacks of the different strategies.

In selecting an allocation methodology, the HMC must consider the extent to which it distributes housing units in a way that:

- Provides for the housing needs of persons at all income levels
- Ensures that every jurisdiction does its “fair share” to provide affordable housing
- Encourages an equitable distribution of incomes throughout the region
- Avoids over-concentrating an income group in a jurisdiction.

	Existing Income Allocation				50% Toward County Average				50% Toward Region Average				County Average				Housing Cost Burden >30%	
	Very Low <50%	Low <80%	Mod <120%	Above Mod	Very Low <50%	Low <80%	Mod <120%	Above Mod	Very Low <50%	Low <80%	Mod <120%	Above Mod	Very Low <50%	Low <80%	Mod <120%	Above Mod		
Alameda County	ALAMEDA	22%	17%	20%	42%	23%	17%	19%	42%	23%	17%	19%	42%	24%	16%	18%	42%	31%
	ALBANY	22%	18%	20%	40%	23%	17%	19%	41%	23%	17%	19%	41%	24%	16%	18%	42%	33%
	BERKELEY	35%	15%	15%	35%	29%	16%	17%	38%	26%	16%	18%	40%	24%	16%	18%	42%	38%
	DUBLIN	9%	12%	19%	60%	17%	14%	19%	51%	20%	15%	19%	46%	24%	16%	18%	42%	32%
	EMERYVILLE	31%	18%	19%	31%	28%	17%	19%	37%	25%	17%	19%	39%	24%	16%	18%	42%	42%
	FREMONT	12%	11%	18%	58%	18%	14%	18%	50%	20%	15%	19%	46%	24%	16%	18%	42%	31%
	HAYWARD	23%	19%	23%	35%	23%	18%	21%	38%	23%	17%	20%	40%	24%	16%	18%	42%	35%
	LIVERMORE	12%	12%	18%	57%	18%	14%	18%	49%	20%	15%	19%	46%	24%	16%	18%	42%	31%
	NEWARK	13%	14%	21%	52%	19%	15%	20%	47%	21%	16%	19%	44%	24%	16%	18%	42%	31%
	OAKLAND	36%	19%	16%	29%	30%	18%	17%	35%	26%	17%	18%	38%	24%	16%	18%	42%	37%
	PIEDMONT	9%	5%	9%	78%	16%	10%	13%	60%	19%	13%	16%	51%	24%	16%	18%	42%	28%
	PLEASANTON	9%	9%	16%	66%	17%	12%	17%	54%	20%	14%	18%	48%	24%	16%	18%	42%	29%
	SAN LEANDRO	23%	20%	22%	35%	23%	18%	20%	38%	23%	17%	20%	40%	24%	16%	18%	42%	30%
	UNION CITY	15%	12%	19%	55%	19%	14%	19%	48%	21%	15%	19%	45%	24%	16%	18%	42%	32%
	UNINCORPORATED	20%	17%	20%	42%	22%	17%	19%	42%	22%	17%	19%	42%	24%	16%	18%	42%	32%
	Alameda County	24%	16%	18%	42%	24%	16%	18%	42%	23%	16%	19%	42%	24%	16%	18%	42%	34%
Contra Costa County	ANTIOCH	23%	19%	23%	36%	22%	18%	22%	38%	22%	17%	20%	40%	22%	17%	20%	41%	34%
	BRENTWOOD	18%	17%	21%	44%	20%	17%	21%	42%	21%	17%	20%	42%	22%	17%	20%	41%	30%
	CLAYTON	10%	8%	16%	67%	16%	12%	18%	54%	19%	15%	19%	48%	22%	17%	20%	41%	25%
	CONCORD	25%	20%	23%	32%	23%	18%	22%	36%	23%	17%	20%	39%	22%	17%	20%	41%	33%
	DANVILLE	8%	9%	12%	72%	15%	13%	16%	56%	19%	15%	18%	49%	22%	17%	20%	41%	32%
	EL CERRITO	24%	20%	20%	35%	23%	19%	20%	38%	23%	18%	20%	40%	22%	17%	20%	41%	26%
	HERCULES	11%	17%	24%	49%	16%	17%	22%	45%	19%	17%	21%	43%	22%	17%	20%	41%	32%
	LAFAYETTE	11%	10%	16%	63%	17%	13%	18%	52%	20%	15%	19%	47%	22%	17%	20%	41%	26%
	MARTINEZ	20%	17%	23%	40%	21%	17%	21%	40%	22%	17%	20%	41%	22%	17%	20%	41%	29%
	MORAGA	11%	11%	16%	62%	17%	14%	18%	51%	20%	15%	19%	46%	22%	17%	20%	41%	26%
	OAKLEY	15%	18%	30%	37%	19%	17%	25%	39%	21%	17%	22%	40%	22%	17%	20%	41%	36%
	ORINDA	10%	9%	12%	69%	16%	13%	16%	55%	19%	15%	18%	48%	22%	17%	20%	41%	26%
	PINOLE	19%	18%	25%	38%	20%	18%	23%	39%	21%	17%	21%	40%	22%	17%	20%	41%	27%
	PITTSBURG	29%	22%	23%	27%	25%	19%	22%	34%	24%	18%	20%	38%	22%	17%	20%	41%	34%
	PLEASANT HILL	19%	16%	23%	42%	20%	17%	21%	42%	22%	17%	20%	42%	22%	17%	20%	41%	31%
	RICHMOND	35%	22%	20%	23%	28%	20%	20%	32%	25%	18%	20%	37%	22%	17%	20%	41%	36%
SAN PABLO	43%	21%	18%	17%	33%	19%	19%	29%	28%	18%	19%	35%	22%	17%	20%	41%	40%	
SAN RAMON	8%	11%	17%	65%	15%	14%	18%	53%	19%	15%	19%	47%	22%	17%	20%	41%	29%	
WALNUT CREEK	22%	18%	20%	41%	22%	17%	20%	41%	22%	17%	20%	41%	22%	17%	20%	41%	29%	
UNINCORPORATED	22%	16%	19%	43%	22%	16%	20%	42%	22%	16%	19%	42%	22%	17%	20%	41%	32%	
Contra Costa County	22%	17%	20%	41%	22%	17%	20%	41%	22%	17%	20%	41%	22%	17%	20%	41%	32%	



	Existing Income Allocation					50% Toward County Average					50% Toward Region Average					County Average					Housing Cost Burden >30%
	Very Low <50%	Low <80%	Mod <120%	Above Mod		Very Low <50%	Low <80%	Mod <120%	Above Mod		Very Low <50%	Low <80%	Mod <120%	Above Mod		Very Low <50%	Low <80%	Mod <120%	Above Mod		
PORTOLA VALLEY REDWOOD CITY SAN BRUNO SAN CARLOS SAN MATEO SOUTH SAN FRANCISCO WOODSIDE UNINCORPORATED <b>San Mateo County</b>	10%	6%	9%	75%		21%	17%	20%	41%		23%	18%	20%	40%		21%	17%	20%	41%		33%
	24%	18%	20%	38%		23%	19%	21%	38%		23%	18%	20%	40%		22%	17%	20%	41%		33%
	24%	20%	24%	32%		18%	15%	19%	49%		20%	16%	19%	45%		22%	17%	20%	41%		28%
	17%	15%	17%	52%		24%	19%	21%	36%		23%	18%	20%	39%		22%	17%	20%	41%		34%
	24%	19%	20%	37%		17%	14%	16%	53%		20%	15%	18%	48%		22%	17%	20%	41%		26%
	25%	20%	24%	31%		16%	12%	14%	58%		19%	14%	17%	50%		22%	17%	20%	41%		33%
	9%	9%	11%	71%		19%	16%	18%	47%		21%	16%	19%	44%		22%	17%	20%	41%		32%
	18%	13%	19%	51%		19%	16%	21%	44%		21%	16%	20%	43%		22%	17%	20%	41%		29%
	21%	17%	20%	41%		17%	13%	15%	56%		20%	15%	17%	49%		22%	17%	20%	41%		34%
	23%	20%	21%	35%		23%	19%	21%	38%		23%	18%	20%	40%		22%	17%	20%	41%		32%
CAMPBELL CUPERTINO GILROY LOS ALTOS LOS ALTOS HILLS LOS GATOS MILPITAS MONTE SERENO MORGAN HILL MOUNTAIN VIEW PALO ALTO SAN JOSE SANTA CLARA SARATOGA SUNNYVALE UNINCORPORATED <b>Santa Clara County</b>	14%	12%	17%	56%		18%	15%	19%	49%		20%	16%	19%	45%		22%	17%	20%	41%		33%
	27%	20%	23%	30%		24%	19%	21%	36%		23%	18%	20%	39%		22%	17%	20%	41%		28%
	12%	10%	12%	66%		17%	14%	16%	53%		20%	15%	18%	48%		22%	17%	20%	41%		34%
	9%	6%	9%	76%		16%	12%	14%	58%		19%	14%	17%	50%		22%	17%	20%	41%		26%
	17%	15%	16%	53%		19%	16%	18%	47%		21%	16%	19%	44%		22%	17%	20%	41%		33%
	16%	16%	21%	47%		19%	16%	21%	44%		21%	16%	20%	43%		22%	17%	20%	41%		32%
	11%	8%	10%	70%		17%	13%	15%	56%		20%	15%	17%	49%		22%	17%	20%	41%		29%
	21%	13%	20%	46%		21%	15%	20%	44%		22%	16%	20%	43%		22%	17%	20%	41%		34%
	24%	18%	20%	38%		23%	18%	20%	39%		23%	17%	20%	40%		22%	17%	20%	41%		32%
	21%	13%	15%	51%		21%	15%	18%	46%		22%	16%	18%	44%		22%	17%	20%	41%		31%
SANTA CLARA SARATOGA SUNNYVALE UNINCORPORATED <b>Santa Clara County</b>	23%	18%	21%	38%		23%	17%	21%	39%		23%	17%	20%	40%		22%	17%	20%	41%		28%
	24%	18%	22%	36%		23%	17%	21%	39%		23%	17%	20%	40%		22%	17%	20%	41%		33%
	12%	7%	10%	71%		17%	12%	15%	56%		20%	14%	17%	49%		22%	17%	20%	41%		29%
	21%	17%	22%	41%		21%	17%	21%	41%		22%	17%	20%	41%		22%	17%	20%	41%		27%
	25%	17%	17%	41%		23%	17%	19%	41%		23%	17%	19%	41%		22%	17%	20%	41%		27%
	22%	17%	20%	41%		22%	17%	20%	41%		22%	17%	20%	41%		22%	17%	20%	41%		31%
	16%	14%	18%	52%		19%	15%	20%	46%		21%	16%	19%	44%		21%	17%	20%	41%		31%
	17%	20%	23%	40%		19%	19%	22%	40%		21%	18%	21%	41%		21%	17%	21%	40%		30%
	22%	19%	21%	38%		22%	18%	21%	39%		22%	17%	20%	40%		21%	17%	21%	40%		30%
	30%	19%	22%	29%		25%	18%	22%	35%		24%	17%	20%	38%		21%	17%	21%	40%		32%
SUISUN CITY VACAVILLE VALLEJO UNINCORPORATED <b>Solano County</b>	15%	15%	25%	46%		18%	16%	23%	43%		20%	16%	21%	42%		21%	17%	21%	40%		31%
	18%	17%	21%	43%		20%	17%	21%	42%		21%	17%	20%	42%		21%	17%	21%	40%		30%
	25%	18%	21%	36%		23%	18%	21%	38%		23%	17%	20%	40%		21%	17%	21%	40%		33%
	19%	16%	20%	45%		20%	17%	21%	43%		21%	17%	20%	42%		21%	17%	21%	40%		30%
	21%	17%	21%	40%		21%	17%	21%	40%		22%	17%	20%	41%		21%	17%	21%	40%		31%
	21%	17%	21%	40%		21%	17%	21%	40%		22%	17%	20%	41%		21%	17%	21%	40%		31%







## Draft/Proposed Housing Methodology Committee

Bay Conservation and Development Commission (BCDC)  
50 California Street, 26th Floor  
San Francisco, CA

Meeting – October 19, 2006  
10:00 a.m. - 1:00 p.m.

**Time (approx.)**

- |                      |   |            |
|----------------------|---|------------|
| 1.                   | <b>Call to Order/Introductions</b>  |            |
| 2.                   | <b>Discussion of Allocation Methodologies – All Units</b><br>Committee continues and concludes discussion from previous meeting.  | 45 Minutes |
| 3.                   | <b>Discussion of Allocation Methodologies – Income-based Units</b><br>Committee continues and concludes discussion from previous meeting.   | 45 Minutes |
| <b>Break - Lunch</b> |   |            |
| 4.                   | <b>Discussion of Other RHNA Methodology Issues</b><br>Staff report on the following:<br>(a) Subregions – assignment of share of the regional need (income-based units) and allocating for a subregion.<br>(b) Rules on Revisions and Appeals – resolving anomalies, including boundary (sphere of influence) issues and whether to address voluntary transfers. | 75 Minutes |
| 5                    | <b>Consensus on Overall Recommendation</b>  | 15 Minutes |
| 5.                   | <b>Public comment</b>   |            |
| 6.                   | <b>Adjournment</b>  |            |

**In - Meeting Lunch Provided**



## Housing Methodology Committee Meeting – October 12, 2006

10:00 a.m. – 1:00 p.m.

San Francisco Bay Conservation & Development District  
50 California Street, 26th Floor  
San Francisco, CA

### Meeting Summary

#### 1. Call to Order/Introductions

The meeting began with introductions of member representatives, interested parties, and ABAG staff. Paul Fassinger, Research Director at the Association of Bay Area Governments (ABAG) provided an overview of the Meeting Agenda.

There were several announcements made at the start of the meeting:

- Kenneth Kirkey, ABAG Interim Planning Director, announced that the FOCUS TAC meeting scheduled for October 19 has been cancelled. ABAG staff felt that waiting until after the November election would provide a more fruitful discussion for TAC members.
- ABAG staff is working on the transcription of the question and answer session with HCD on September 29. The materials should be available on ABAG's website by early next week.

At this point, several HMC members raised questions about the survey that ABAG sent out requesting additional data related to the nine factors spelled out in the RHNA statutes. There was some confusion among committee members about the purpose of the survey and how the information collected would be used. Mr. Fassinger indicated that the survey results would be used to ensure the *Projections* forecasts are accurate and to provide feedback about how factors might be included in the allocation methodology.

#### 2. Discussion of Allocation Methodologies – All Units

Mr. Fassinger led the HMC in a discussion of the different allocation methodology scenarios developed by ABAG staff. As a framework for the discussion, he outlined the four different parts of the RHNA process: the determination of the total regional need, development of the allocation methodology, potential legislative changes, and issues related to certification and implementation of housing elements. Mr. Fassinger reminded committee members that the discussion at this stage should be limited to the allocation methodology.

In reviewing the possible allocation scenarios, Mr. Fassinger noted that they were developed based on the draft numbers from the *Projections 2007* forecast. These numbers are currently being reviewed by local governments, and it is likely that some changes will occur based on their feedback. Also, the total regional need number in the scenarios is from the 1999-2006 RHNA period, and is used only for demonstration purposes. It is possible that the total regional need will be significantly higher for the 2007-2014 RHNA period.

The allocation scenarios are based on the four categories of potential factors that have been identified by the HMC for inclusion in the methodology:

- Housing
- Employment

- Transportation
- City-centered growth policies

The proposed scenarios include factors related to housing, employment, and transportation. A city-centered growth factor was not included in the scenarios because the other factors used seemed to accomplish the goal of moving growth away from the unincorporated areas. However, this factor can be included in an allocation scenario if the HMC determines it is necessary.

The different scenarios can be grouped into three major categories. The first category, which consists of Scenario 1, is based solely on expected housing growth. Projected household growth represents the need to provide housing for future population increases. It looks at where growth is likely to occur. Since *Projections* incorporates information from local General Plans, it also factors in protected space to ensure that growth occurs in appropriate areas.

In this example, the cities get all of the housing generated in sphere of influence (SOI) areas. This was done for demonstration purposes, and is not intended to represent a policy decision. Based on prior HMC discussions, staff expects to include a factor in the methodology that handles SOI issues on a county-by-county basis.

The second category includes Scenarios 2, 3, and 4, which all seek to balance housing growth with different employment factors. These scenarios recognize that, in addition to housing growth, the presence of jobs in a community also generates demand for housing for workers. Including a jobs factor will direct future growth to areas based on where there are, or will be, significant numbers of jobs. Over time, linking housing growth to jobs will result in a better jobs-housing balance throughout the region.

In these scenarios, the housing growth factor is paired with one of three possible jobs-related factors:

- Scenario 2 includes the jurisdiction's job growth between 2007 and 2014. This factor would direct housing growth to areas that are adding jobs. As a result, the methodology would seek to achieve a jobs-housing balance based solely on future growth. It would not take into consideration those areas that already have a high proportion of jobs.
- Scenario 3 uses the jurisdiction's total jobs in 2014. This factor allocates growth based on a balance of a community's existing number of jobs and its expected employment growth through 2014. As a result, it represents a combination of the existing jobs and job growth.
- Scenario 4 includes the jurisdiction's total jobs in 2007. This factor would direct housing growth to those areas that currently have a high proportion of jobs. This would encourage a better jobs-housing balance based on existing conditions, but would not consider future job growth.

The third category includes Scenarios 5, 6, and 7. These also balance housing and employment, but also include a factor to direct housing to areas served by public transit. The factor assigns more of the housing growth during the RHNA period to areas within a half mile<sup>1</sup> of the transit stations. The analysis is based on the housing growth projected for the area. The public transit services included in this factor are those with

---

<sup>1</sup> The half-mile area was chosen based on accepted planning practice, which has found that people will generally only walk a half mile to a transit station. This is the same standard used in the Metropolitan Transportation Commission's Regional Transit Expansion Program.

fixed infrastructure, such as heavy and light rail systems and ferries.<sup>2</sup> Only existing transit services are included as part of the factor.

This factor was selected as the best way to respond to the HMC's interest in dealing with transportation impacts. Assigning housing units to areas along major highway corridors would only exacerbate traffic congestion, and directing it away from these areas would promote growth in outlying areas away from existing infrastructure, which would be contrary to regional goals.

Since 2002, *Projections* forecasts assume that, over time, local land use policies will move the region closer to meeting the regional goals. The policy-based *Projections* specifically forecast more growth in existing communities and near transit, while directing growth away from agricultural areas and open space. Choosing to include a factor in the methodology that directs growth to areas with public transit would reinforce the importance of encouraging growth in areas with a variety of transportation options. In effect, it would give extra weight to this regional goal, over what has already been done in the *Projections* forecast, which already incorporates the regional principles that direct growth to infill areas and areas served by public transit.

In response to questions about how the scenarios were developed, Mr. Fassinger walked committee members through the steps to calculate a jurisdiction's allocation. These sample scenarios use data from *Projections 2005*, but the actual allocations will incorporate information from *Projections 2007*, which is currently in draft form.

*Projections 2005* provides growth estimates for five-year periods through 2030. The forecasts for 2005 and 2015 are used to estimate growth between 2007 and 2014. To accomplish this, it is assumed that the growth in any five-year period occurs in regular annual increments. Thus, the growth in 2007 is calculated by adding 2/5 of the growth between 2005 and 2010 to the estimate for 2005. The growth in 2014 is determined by adding 4/5 of the growth between 2010 and 2015 to the forecasted total for 2010.

A jurisdiction's growth during this period is then divided by the regional growth for the same period to determine the jurisdiction's share of regional growth. This proportion is then multiplied by the total regional need number to determine the jurisdiction's share of the regional need. The same type of calculation is done to determine a jurisdiction's share of job growth for the same time period.

After gaining an understanding of the computations used to develop the scenarios, the HMC discussed the merits of the eight sample allocation methodologies. Committee members immediately rejected Scenario 1 because it included only housing as a factor, and did not adequately address the RHNA objective of promoting a better balance between housing and jobs.

In assessing the scenarios that balance jobs and housing, several committee members expressed opposition to using Scenario 2 because focusing solely on job growth penalizes communities trying to add jobs to create a better jobs-housing balance. Also, by looking only at future growth, it ignores the existing relationship between jobs and housing in a jurisdiction. There was more support for Scenario 3, since it attempts to balance existing jobs as well as job growth during the RHNA period. In addition, this was generally seen as a better alternative than Scenario 4, which only looks at the existing jobs in comparison to housing growth.

In general, there was some concern that the sample methodologies did not fully address the question of jobs-housing balance. Several committee members proposed alternate ways of trying to incorporate measures of

---

<sup>2</sup> The rail service providers included are: Altamont Commuter Express (ACE), Bay Area Rapid Transit (BART), Caltrain, San Francisco MUNI light rail, and Santa Clara Valley Transportation Authority (VTA) light rail.

jobs-housing balance more directly as an allocation factor. Suggested changes included looking at jobs compared to employed residents in a jurisdiction or including two employment factors—one for existing jobs and another for the expected change over time—that could be weighted separately.

The committee also felt that the scenarios should be more consistent in matching job and housing growth, or jobs and housing at a single point in time. Specifically, they requested a comparison of total housing and total jobs in 2014.

In general, HMC members supported the idea of trying to direct growth toward station areas, as a way to reduce sprawl and traffic congestion within the region. This policy is also consistent with the goal of city-centered growth policies. At the same time, some HMC members expressed concern that using this factor would result in “double counting,” since the Projections forecasts already direct growth to areas with access to public transit. In addition, since the factor looks at the growth that is planned around a station area, it can be perceived to negatively impact jurisdictions that are proactively planning for transit-oriented development. In the long-term, this could be seen as a disincentive for adding public transit and trying to intensify development around the station areas.

In reviewing the allocation scenarios, committee members requested that staff evaluate the impact of using a factor that looks at planned job growth around transit stations, instead of housing growth. There was also some interest in trying to determine if there were some planned transit extensions that might occur during the RHNA period that should be included in the factor.

There was a general discussion among committee members about the potential regional implications of the different allocation scenarios. Some members expressed concern that some of the scenarios allocate high housing numbers to areas where the housing is less likely to be built. In the end, this would harm the overall future of the region if it results in the construction of fewer housing units.

Several HMC members countered that zoning for housing is the first step in encouraging housing growth in the areas that most closely align with regional goals for growth. If the allocations do not direct growth to these areas, the growth would have to be zoned for and accommodated in areas that are less ideal. In response, several committee members raised the concern that some jurisdictions that receive lower housing allocations because they are outside the region’s existing communities and away from transit services end up producing more than their total housing allocation.

There was also a question about whether resources and incentives available at the regional level would be directed to those jurisdictions that take responsibility for accommodating more of the regional housing need. However, committee members felt that the HMC was not empowered to respond to this question. In the end, the HMC felt that Scenarios 1, 7, and 8 should no longer be considered. They requested that staff build on Scenarios 3, 5, and 6 in developing other alternatives that look more closely at jobs-housing balance, using comparable types of data, and evaluate the impact of focusing growth on transit areas based on job growth.

### **3. Discussion of Allocation Methodologies – Income-based Units**

Mr. Kirkey led committee members in a discussion of the allocation of units by income. He presented scenarios that seek to move a jurisdiction toward the county or regional income distribution, as well as scenarios that assign a jurisdiction the same distribution as the county or regional average. Mr. Kirkey also highlighted the possibility of applying a factor related to high housing cost burdens to one of these allocation scenarios.

The HMC very quickly came to consensus that assigning shares based on the regional income distribution was the best solution. This was based on the fact that the need for affordable housing is a problem that is shared by the region as a whole, and is not localized to a specific area. This proposal is consistent with the idea that every jurisdiction must do its “fair share” to provide affordable housing, and it promotes a more equitable income distribution by moving each jurisdiction to the same standardized income distribution. Since the allocation only addresses future housing growth, it would only impact the increment of growth and not the existing conditions in the region.

This strategy is also more likely to avoid the over-concentration of an income group in a jurisdiction. Committee members did not support the scenarios that moved jurisdictions incrementally toward the regional or county average because they assigned more affordable units to areas that already had significant low-income populations. There was also concern that using the factor for “high housing cost burden” would also lead to the over-concentration of low-income households.

Some members expressed concern that the strategy of assigning shares based on the regional income distribution might assign housing to jurisdictions where it is less likely to be built. However, there was a general agreement that the benefits of this approach outweighed this potential negative impact. In addition, this issue could be worked out through agreements between individual jurisdictions.

In response to a question from the committee, Mr. Fassinger noted that the income scenarios were based on household income data from Census 2000. It was proposed that it might be better to use data from the U.S. Department of Housing and Urban Development (HUD) that specifies household incomes by household size. Mr. Fassinger stated that he would check with HCD to determine which source of data it uses in developing the regional income allocations.

#### **4. Next Steps and Draft Agenda for October 19 Meeting**

Mr. Moy led the HMC in a discussion about what topics need to be discussed at the October 19 meeting. The major focus would be on finalizing the allocation methodology, based on revised scenarios to be presented by staff. Mr. Moy also stressed the need to discuss the framework for handling revisions and appeals. Since revisions and appeals must be based on a factor in the methodology, it is important to consider how to incorporate some of the issues that might lead to revisions, such as spheres of influence and transfers of units between local governments. The agenda will also include consideration of how to handle the relationship between the region and the subregion that has formed in San Mateo County.

Committee members requested that ABAG staff undertake the following actions:

- Revise the allocation scenarios based on feedback from the committee
- Check with HCD about the data they use to develop the allocations by income